

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

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WASHINGTON, D.C. 20062-2000
202/463-5310

March 6, 2000

The Honorable Thomas J. Bliley
Chairman
Committee on Commerce
U.S. House of Representatives
2125 Rayburn, HOB
Washington, DC 20515

Dear Chairman Bliley:

The U.S. Chamber of Commerce (U.S. Chamber), representing a federation of more than three million businesses of every size, sector, and region, appreciates the opportunity to supplement our earlier comments regarding the Electricity Competition and Reliability Act (H.R. 2944) as approved by the Energy and Power Subcommittee. These comments are a supplement to my letter of January 27, 2000 and reflect the comments of the U.S. Chamber's Task Force on Electricity Restructuring.

The U.S. Chamber applauds your efforts to accelerate the restructuring of the electric utility industry. We believe H.R. 2944 is a step toward achieving this most significant goal. The U.S. Chamber is encouraged by the Subcommittee's approach to addressing the issues related to restructuring in an integrated manner.

Specifically, the U.S. Chamber strongly supports the following points in relation to H.R. 2944:

- Making Regional Transmission Organizations voluntary, independent, appropriately sized for the markets they serve, and subject to clearly defined operational authority;
- The prospective repeal of section 210 of the Public Utility Regulatory Policies Act (PURPA) provided language that ensures the preservation of existing contracts and the cost recovery of purchases under existing contracts;
- The Repeal of the Public Utility Holding Company Act (PUHCA);

- Establishing a reliability organization;
- Requiring FERC to provide for the recovery of prudent, verifiable and non-mitigable wholesale stranded costs and by not interfering with the states' efforts to permit the recovery of retail stranded costs; and
- Sections 101 and 102 appear to be generally consistent with the U.S. Chamber's policy that competition is in the public interest and that states are best suited to consider retail competition within their respective territories.

However, the U.S. Chamber does have some recommendations for improving H.R. 2944:

- The U.S. Chamber believes H.R. 2944 should include language granting states the ability to require reciprocity as a condition of access to another state's electric markets;
- The U.S. Chamber is concerned with the restrictive way in which H.R. 2944 addresses FERC Order No. 888, Nondiscriminatory Wholesale Open Access Transmission Authority. The U.S. Chamber believes that FERC Order No. 888 should be extended to non-jurisdictional transmission owning entities.
- The U.S. Chamber is also concerned with the provisions addressing public power. If a public power authority chooses to go outside its service area after retail competition is in place, the public power authority should be required to compete on an equal footing with the investor owned utility. To enable a truly competitive market, the U.S. Chamber believes public power authorities and investor-owned utilities should be subject to the same regulations.

Furthermore, the U.S. Chamber is opposed to the provisions of Title VII of H.R. 2944 dealing with environmental matters. Federal legislation that addresses the restructuring of the electric industry should not impose new environmental provisions; restructuring of the industry should be considered on its own merit. Electricity restructuring is already an extremely complicated and controversial issue. Including environmental provisions will make passage of deregulation legislation much more difficult.

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Although H.R. 2944 addresses the tax treatment of nuclear decommissioning trust funds, the U.S. Chamber believes the decommissioning obligation of the nuclear industry should be adequately funded. Ensuring reasonable cost recovery is an integral part of any transition to a competitive generation market and should be addressed in H.R. 2944. The nuclear industry has played a vital role in the U.S. energy market, significantly reducing U.S. and global emissions of carbon dioxide. The nuclear industry should not be penalized for its contributions to our energy supply and for assisting national efforts to reduce the generation of greenhouse gases.

Finally, the U.S. Chamber supports the efforts of the respective state commissions to prohibit investor-owned utilities and public power entities from granting their affiliates any undue preference or advantages over competing businesses. Small business is the fastest growing segment of our economy and provides a distinctive and critical contribution to the nation. The federal government should not interfere with such efforts.

The U.S. Chamber of Commerce applauds your efforts to enact legislation on electricity restructuring. The electric utility industry is among the last not open to competition. The nation has already benefited economically while receiving enhanced services from deregulating the trucking, railroad, airline, and telecommunications industries. It is now time to permit the restructuring of the electric utility industry. Because of the dynamic activity at the state level, the U.S. Chamber believes that electric utility industry restructuring can be achieved more quickly with the states continuing to move forward while both the federal and state governments remove all regulatory and economic barriers to restructuring as expeditiously as possible.

H.R. 2944 is a good start in this effort and the U.S. Chamber intends to be involved in this important legislation. We will closely monitor your efforts and understand that electricity restructuring is a dynamic situation and this bill is a work in progress. Should circumstances require any changes to our policy, we will inform you. We look forward to working with you as you move forward with electricity restructuring legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten", written in a cursive style.

R. Bruce Josten